

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 INT-05 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 CEA-01 STR-04

DODE-00 PA-01 PRS-01 L-03 H-02 /070 W

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R 211430Z AUG 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6410

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E.O. 11652: N/A

TAGS: EINV, EMIN, PFOR, PE

SUBJECT: NORTHERN PERU MINING CORPORATION NEGOTIATIONS -
CURRENT STATUS

REF: LIMA 6684

1. HANS STEIN, GENERAL MANAGER OF NORTHERN PERU MINING CORPORATION (NPMC), CALLED ON THE AMBASSADOR ON AUGUST 20 TO SUMMARIZE THE LATEST DEVELOPMENTS IN THE NPMC ATTEMPT TO TRANSFER ITS OPERATIONS TO THE GOP BY THE END OF AUGUST. STEIN SAID THAT HE HAS HELD SEVERAL MEETINGS WITH GOP REPRESENTATIVES IN A FRIENDLY AND CORDIAL ATMOSPHERE. STEIN BELIEVES THAT NEGOTIATIONS WILL PROBABLY BE FINISHED BEFORE THE END OF AUGUST AND THAT THE ACTUAL TRANSFER MIGHT TAKE PLACE THIS MONTH. HOWEVER, NPMC WILL HAVE TO PAY A HIGH PRICE FOR THIS TRANSFER. HE DID NOT ELABORATE.

2. STEIN SAID THAT ALL THE CHARGES AGAINST NPMC CARRIED IN THE PRESS DURING THE PAST SEVERAL WEEKS (SEE REFTEL) ARE FALSE. HOWEVER, HE BELIEVES THAT NPMC WILL CONTINUE TO RECEIVE ROUGH TREATMENT IN THE PRESS, ESPECIALLY AFTER THE ACTUAL TRANSFER TAKES PLACE.

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AFTER NPMC RELEASES AND PAYS OFF THE 1800 UNSKILLED

WORKERS AT THE MINE, THE GOP WILL REHIRE ONLY 60 PERCENT OF THEM. STEIN EXPECTS ACCUSATIONS FROM THE APRA UNION THAT NPMC AND THE GOP HAVE COLLUDED AGAINST THE WORKERS. STEIN SAID THAT NO WORKERS SHOULD BE GIVEN JOBS AT CUAJONE BECAUSE ASARCO WANTS TO AVOID ANY DIRECT CONNECTION BETWEEN NPMC AND SOUTHERN PERU COPPER CORPORATION (SPCC) AND BECAUSE ALL WORKERS CURRENTLY AT CUAJONE ARE CONTRACT EMPLOYEES.

3. A MINISTRY OF ENERGY AND MINES OFFICIAL TOLD STEIN THAT THE WORD "EXPROPRIATE" WOULD NOT APPEAR IN THE FINAL DECREE. STEIN REQUESTED THAT THE TEXT INCLUDE A STATEMENT TO THE EFFECT THAT "A SATISFACTORY SETTLEMENT HAS BEEN REACHED." THE MINISTRY OFFICIAL TOLD STEIN THAT HE WOULD CONSULT WITH HIS SUPERIORS. BOTH NPMC AND SPCC ARE DESCRIBED IN THE PERUVIAN PRESS AS BELONGING TO ASARCO, WHICH WANTS THE PUBLIC FACE OF THE SETTLEMENT TO BE AS AMICABLE AS POSSIBLE IN ORDER TO AVOID ANY PROBLEM WITH THE SPCC HOLDINGS IN PERU. THE AMBASSADOR SAID THAT IN CONVERSATIONS WHICH HE EXPECTS TO HAVE WITHIN THE NEXT FEW DAYS WITH HIGH-RANKING GOP OFFICIALS, HE WOULD MENTION THAT THE NPMC NEGOTIATIONS WERE PROCEEDING AND THAT HE THOUGHT THE INCLUSION OF SUCH A PHRASE WOULD BE OF BENEFIT TO BOTH SIDES.

4. COMMENT: IRONICALLY, IT APPEARS THAT NPMC MAY BENEFIT FROM THE MARCONA EXPROPRIATION IN THAT THE GOP MAY WISH TO REACH A PROMPT AND MUTUALLY ACCEPTABLE SETTLEMENT WITH NPMC TO DEMONSTRATE THAT THE GOP DOES NOT TREAT ALL MULTINATIONAL CORPORATIONS IN AN OFFHAND, NEGATIVE MANNER. A MULTINATIONAL IS TREATED IN THE WAY IT DESERVES TO BE TREATED. THIS WAS REITERATED IN AN AUGUST 20 "LA PRENSA" EDITORIAL WHICH COMPARES THE BEHAVIOR (IMPERTINENT) OF MARCONA WITH THE BEHAVIOR (DISCUSSIONS IN GOOD FAITH) OF THOSE FOREIGNERS WHO HAD INVESTED IN EMPRESAS ELECTRICAS AND WHOSE SHARES ARE NOW BEING PURCHASED BY THE GOP. ALTHOUGH IN PERUVIAN EYES NPMC HAS NOT BEEN A "GOOD" MULTINATIONAL (WITNESS THE GOP-OWNED "LA CRONICA" ATTACKS ON NPMC), PERHAPS IT HAS BECOME A "BETTER" ONE IN RECENT DAYS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, MINING INDUSTRY, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LIMA06813
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750290-0316
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750832/aaaabbld.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 LIMA 6684
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 SEP 2003 by CunninFX>; APPROVED <20 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NORTHERN PERU MINING CORPORATION NEGOTIATIONS - CURRENT STATUS
TAGS: EINV, EMIN, PFOR, PE, US, NPMC, (STEIN, HANS)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006